

**Internal Revenue Service**

**Department of the Treasury**

**District  
Director**

**Date:** JUN 14 1994

**Person to Contact:**

**Telephone Number:**

**Refer Reply To:**

**Employer Identification Number:**

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(06) of the Internal Revenue Code.

You incorporated as a non-profit corporation in the state of [REDACTED] on [REDACTED]. Your purpose was to further the careers of women in the mystery field, to correct the imbalance in the treatment of women writers, and to promote recognition of their contributions to the field.

You describe your activities as publication and distribution of various publications, including [REDACTED], [REDACTED], and a newsletter. The [REDACTED] catalogue of members' works is sent out twice each year to more than [REDACTED] wholesalers distributors, bookstore chains, mystery bookstores, libraries, and to periodicals which carry regular book reviews. Your members participate in meetings of major mystery conventions and you hold meetings where speakers discuss issues of interest to readers and writers of mystery works.

Your sources of revenue are dues from members and sales of materials, although you indicate most of your materials are distributed to members free of charge. Your expenses include salary, office supplies, publication costs, and publicity and advertising.

Membership is open to all persons worldwide who have a special interest in mystery writing and in furthering your purposes. You have [REDACTED] members of which [REDACTED] are published mystery writers. You indicate [REDACTED] members are readers or fans.

Section 501(c) of the Code describes certain organizations exempt from Federal income tax under section 501(a) and reads, in part, as follows:

"(6) Business leagues, chambers of commerce, real estate boards, boards of trade, \*\*\*, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Section 1.501(c)(6)-1 of the regulations provides as follows:

"A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league. \*\*\*"

Revenue Ruling 57-453, 1957-2 C.B. 310 denies exemption under section 501(c)(6) of the Code to an organization which engages in the publication of the anthologies of its members and which enters into contracts for programs on the radio and television based on the anthologies, serves as a vehicle for the publication of materials of its members by calling attention to their professional work and thereby increases the salability of the writers' efforts. The organization published a monthly bulletin which contained craft articles, market news, and lists of books and magazine stories published by members during the month.

Revenue Ruling 65-14, 1965-1 C.B. 236, denied exemption under section 501(c)(6) of the Code to an organization formed to promote the tourist industry in its area and whose principal activity is the publication of a yearbook consisting largely of paid advertisements for its members. Advertisements consist of a listing of the name and address of the member-advertiser and a description of the product sold or the service rendered by the advertiser.

Revenue Ruling 76-400, 1976-2 C.B. 153, grants exemption under section 501(c)(6) to an organization formed as a membership organization of business and professional women that promotes the acceptance of women in business and the professions. The activities include sponsoring conventions, luncheons, and dinner meetings that are devoted to the discussion, review, and consideration of problems relating to career opportunities for women and various issues centering around attitudes towards women in business.

██████████

Your primary activities are the promotion of your members literary products as evidenced by your ██████████, advertising, newsletter identification of members and their literary works, participation of members signing books at various events, and a computer on-line PK system that identifies new publications and scheduled signings for members.

You do provide general information concerning facts on womens' problems in the field of literature and you provide advice on how to get works published and how to promote works, and there is reference to a future writers' workshop. However, these activities are less than primary when compared to your promotion.

You indicate you have a full-time employee who spends ███% of her time processing new members and renewals and answering the phone. You indicate that she spends only ███% of her time on ██████████. Portions of that ███% would have to be attributed to promotion since part of promotion is in getting and processing members, and volunteer time on promotional activities should be considered.

You indicate that only a small portion of your members are writers who benefit from the promotion. However, other individuals are fans/readers who receive information on literary works available from members. You also have members who are bookstores, agents, and other commercial businesses who want access to your writers for commercial reasons. Thus, for each of these groups, you provide services in return for their membership fees.

You have failed to show that your primary activity is not particular services promoting literary works of members to other member groups that have an interest in obtaining those works for personal reading or obtaining information on writers for commercial reasons. You were requested to provide a list of activities and indicate the percentage of time and of financial resources devoted to each activity, but did not. You consistently consider promotional efforts as educational and promoting women in literature.

Like the organizations in Revenue Rulings 57-453 and 65-14, you provide particular services of promotional activities for members. Based on those rulings and the prohibition in the regulations against the provision of particular services, you do not qualify for exemption under section 501(c)(6). Although you have some activities similar to those of Revenue Ruling 76-400 in providing education and general information on the profession, your primary activities are more similar to the Revenue Rulings and prohibit your exemption.

Accordingly, you are not exempt under section 501(c)(6) of the Code and should file Forms 1120.

[REDACTED]

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely,

[REDACTED]  
District Director

Enclosures:  
Publication 892  
Form 6018